

West Coventry Academy

Governors' report and financial statements

for the year ended 31 August 2021

West Coventry Academy
(A company limited by guarantee)

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West Coventry Academy
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Reference and Administrative Details

Members	P Griffin B Sayers C Rose F Sexton
Governors	Chris Paton, Deputy Head Teacher (resigned 1 September 2020) A Neofitou, Head Teacher (appointed 1 September 2020) ¹ M Rose B Sayers K Maton J Jones, Chair of Governors ¹ C Rose C Denson P Flavell (resigned 1 July 2021) N Green ¹ D Jones (resigned 6 November 2020) M Dodd (resigned 14 December 2020) T Sarjeant ¹ H Brookes M Palmer, Vice Chair A Carey ¹ C Franklin (appointed 2 November 2020) E Yates (resigned 1 September 2020) A Taylor (resigned 1 September 2020) ¹ Finance, Resource and Audit Committee
Company registered number	07654273
Company name	West Coventry Academy
Principal and registered office	West Coventry Academy Nutbrook Avenue Coventry CV4 9PW
Company secretary	Malcolm Gardner
Senior management team	Ana Neofitou, Headteacher Malcolm Gardner, Deputy Head Sam Tasker, Assistant Head Deborah Bell, Assistant Head Sofia Hussain, Assistant Head (appointed 01.04.2021) Christopher Paton, Deputy Head Natalie O'Callaghan, HR Manager
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH

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Reference and Administrative Details (continued)
for the year ended 31 August 2021

Bankers	Lloyds Bank PLC 2nd Floor 30 High Street Coventry West Midlands CV1 5RA
Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham West Midlands B2 4BU

West Coventry Academy
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Governors' report
for the year ended 31 August 2021

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 11 to 18 serving a catchment area in Coventry. It has a pupil capacity of 1,356 and had a roll of 1,117 in the school census in September 2021.

Structure, governance and management

a. Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association, Funding Agreement and Articles of Association are the primary governing documents of the Academy Trust.

The Governors of West Coventry Academy are also the directors of the charitable company for the purposes of company law.

The principal activity of the Academy Trust is to advance education for the public benefit by establishing, maintaining and developing a school offering a broad curriculum.

Details of the Governors who served during the year, and to the date these accounts are approved are included in the Reference and Administrative details on page 1.

b. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. Governors' indemnities

The Academy has purchased insurance to protect all Governors, Governors and Members of the Academy from claims arising from errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 for Governors' liability on any one occurrence.

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Governors' report (continued)
for the year ended 31 August 2021

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Governors

The Academy Trust has adopted the City Council's recruitment and appointment process for the election of Governors.

The Academy Trust's Article of Association states that the following rules be used in the numbers of Governors appointed.

- The number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
- Subject to Article 48-49 and 64, the Academy Trust shall have the following Governors:
 - a. Up to 8 Governors, appointed under Article 50
 - b. Any Staff Governors, if appointed under Article 50A
 - c. Up to 1 LA Governor if appointed under Article 51
 - d. A minimum of 2 Parent Governors appointed under Article 53-58
 - e. The Headteacher
 - f. Any additional Governors, if appointed under Article 62, 62A or 68A and g. Any further Governors, if appointed under Article 63 or 68A
- The Academy Trust may also have any Co-opted Governor appointed under Article 59.
- The first Governors shall be those persons named in the statement delivered pursuant to Sections 9 and 12 of the Companies Act 2006.
- Future Governors shall be appointed or elected, as the case may be, under these Articles. Where it is not possible for such a Governor to be appointed or elected to the fact that an Academy has not been established or the Headteacher has not been appointed, then the relevant Article or part thereof shall not apply.

Appointment of Governors

The members may appoint up to 8 Governors.

The members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

The LA may appoint the LA Governor.

The Headteacher shall be treated for all purposes as being an ex officio Governor.

Except for the Headteacher, Governors are subject to retirement after 4 years of service but are re-eligible for reappointment or re-election.

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Governors

Induction

New Governors receive an established and well planned induction, along with a named Governor to act as mentor to assist with any queries in the first few months as a new Governor.

New Governors also receive a comprehensive induction file comprising documentation detailing the roles and responsibilities of the Governors Body, recent minutes, Governors Body Handbook, etc. A familiarisation meeting is held with the Headteacher to include a tour of the school and also a formal induction meeting with the Chair of Governors.

Governor Training

The Governors Body encourages all Governors to participate in training relevant to their needs as a governor. The Governors Body will provide an annual programme of training and details will be available from the Clerk to the Governors Body. Permission to attend training, where there is a cost to the Academy Trust, must be obtained from the Governors Body (or if there is insufficient time, from the Chair of the Governors Body or Training Link (if appointed)). All necessary arrangements for training must be made via the Clerk.

f. Organisational structure

The Governing Body is responsible for the strategic decision of the Academy Trust. The Governing Body reviews progress towards educational objectives and results. They are informed of any expenditure in excess of £10,000, set the budget for the following year and set the organisational staffing structure.

There is one Sub Committee in place to which specific responsibilities are delegated by the Full Governing Body.

- Finance, Risk and Audit Committee

The Headteacher is the designated Accounting Officer of the Academy Trust and has overall responsibility for the day to day financial management of the Academy Trust.

g. Arrangements for setting pay and remuneration of key management personnel

The rules for determining the pay of key management personnel (for the purposes of this definition this includes the Headteacher, Deputy Head teachers and Assistant Head teachers) are in line with national guidelines. Any annual increments are awarded following schools performance pay policy and are ratified by the full Governing body.

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Governors' report (continued)
for the year ended 31 August 2021

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	4
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	4
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	
Total cost of facility time	6,384	
Total pay bill	6,342,638	
Percentage of total pay bill spent on facility time	0.1	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	62.0	%
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i. Related parties and other connected charities and organisations

The Academy Trust is not sponsored through any organisation and receives its funding from Central Government. The Academy Trust does not have Governors on its Board of Directors who provide sponsorship.

Objectives and activities a.

Objects and aims

We are dedicated to educating the 'whole child' so that they are able to lead happy, successful and fulfilling adult lives in modern Britain. We expect all staff, students, parents and Governors to share the Academy Trust's vision and to support our high aspirations for future success. As an outward looking school, we aim to broaden the horizons of our students and extend their learning experiences, and to seek out the best educational practice to further improve our own. To this end, we will make the best use of new technologies in order to prepare students for life in the 21st century. We work collaboratively with other schools, colleges and universities, and we value and actively participate in educational networks.

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Governors' report (continued)
for the year ended 31 August 2021

Objectives and activities (continued)

b. Objectives, strategies and activities

The school Strategic priorities are sharply focused on areas that will have maximum impact on school performance, whilst maintaining West Coventry Academy's inclusive ethos as a school that nurtures the talents and interests of all our students, encouraging them to take risks and explore new opportunities.

The School Strategic Plan prioritises the following areas:

- Curriculum
- Learning
- Impact
- Experience
- Leadership

c. Public benefit

The Governors have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by West Coventry Academy is the maintenance and development of the high quality education provided by the school.

Strategic report

Achievements and performance

West Coventry Academy offers a broad and balanced curriculum. We value working together with parents/carers and the community to ensure that students enjoy their time at school, make excellent progress and leave us with the necessary skills and attitudes to lead successful and fulfilling lives. We collaborate with primary and secondary schools in the local community in order to improve standards of education.

a. Key performance indicators

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust is also in receipt of the Devolved Formula Capital Grant (DFC) and Capital bid income from CIF bids, both funded by the ESFA. In accordance with the Charities SORP 2019, grants received are shown in the Statement of Financial Activities (SOFA) as restricted fixed asset funds.

On conversion on 11th July 2011, all of the fixed assets of the former foundation school were transferred to the new Academy Trust and are shown as restricted fixed asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

Expenditure for the period covered by this report was covered by the GAG received from the ESFA and other income, such as voluntary income, activities for generating funds and capital grant income.

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Governors' report (continued)
for the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

The combined General Restricted Fund and Unrestricted Fund before the actuarial losses on defined benefit pension schemes is (£330,105) (2020: (£311,152)) with a movement in the year of (£18,953).

Governors are acutely interested in strategic financial matters and the importance of balanced budget spending on the current cohorts and the required curriculum investment to support a balanced curriculum whilst supporting decisions to withdraw subjects if not financially viable in the long term. Equally the Governors are aware of the funding difficulties educational institutions are faced within the sector as a whole and are keen to ensure adequate reserves so that it can continue to operate as a going concern.

b. Going concern

Following approval from the Secretary of State for Education, West Coventry Academy will join the Arthur Terry Learning Partnership on 1 January 2022, a multi academy trust incorporated in England and Wales.

For this reason, the going concern basis is not appropriate. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

c. Review of activities

ExamAnalysis2020to2021

GCSE and A Level Results were based on Centre Assessed Grades this year, owing to the cancellation of national, external examinations in the summer of 2021. Therefore, Centre Assessed Grades became our 'exam results' for both GCSE and A Level. These grades were the result of lengthy and rigorous standardization and moderation processes.

Financial review

a. Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams. The financial risks identified determine the amount of reserves the Trust targets to hold.

Ideally the trust would like to hold as a target, a minimum of £250,000. However, it is not in this position yet having brought forward deficit reserves.

The trust did not expect to be in this position as it had reserves of c£500k in 2015/16 which would have seen them through the next 5 years during a period of cost challenges including rising staff costs and enable them to achieve their target reserves level. However, in 2016 they took the decision to take on the pupils from a neighbouring school which has left them financially disadvantaged and accounts for the deficit position the school is now in as this decision continued to have implications for the school in the following years whilst working towards a fully co-educational provision.

As a background to this decision, the trust used to be called Tile Hill Wood School and Language College, a single sex girls' school. In April 2016, the leaders and governors took over the running of the neighbouring boys' school, Woodlands Academy which was closing. The boys were taught on the Tile Hill Wood site and joined the roll (approx. 500 boys) at the school in September 2017 which is when Woodlands Academy officially closed and the school became a co-educational school, changing its name to West Coventry Academy (WCA).

This transfer was due to be gradual but happened very suddenly in the end and the school had to adjust very quickly to the new gender intake.

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Governors' report (continued)
for the year ended 31 August 2021

There were practical considerations to taking on the pupils – for example, the girls' school did not have boys' toilets or changing rooms nor football or rugby pitches. There was also opposition locally and from existing parents to the change from single sex to co-educational which impacted pupil intake numbers.

The trust had been promised both financial assistance and representation from the DfE to assist with some difficult meetings with parents and the wider community but were disappointed that neither were forthcoming in practice.

In the end, the school made c£400k of investment to cover the capital costs of these necessary transformations to the site with money from the ESFA in the form of a loan rather than the preferred route of non-repayable contribution which it had hoped would be made as its decision had ensured the minimum disruption to the boys' education allowing them to remain together rather than being dispersed over schools over Coventry.

The loan totalled £379,000 with repayment from September 2018. The first year of repayments were made in 2018/19 totalling £96k reducing the amount outstanding to £283k as at 31 August 2019. During the 2019/20 academic year, it was agreed that repayments would be frozen and instalments would commence from September 2022. Following discussions with the ESFA during the 2020/21 academic year, it has now been confirmed that the ESFA would not seek to recover the outstanding balance and therefore the liability has been released to reserves.

Full integration has taken a number of years with some inefficiencies in the curriculum during this time. The school has only just achieved true co-educational status with the Year 11 pupils who have just left the first true year of co-ed.

The current deficit effectively still reflects the capital investment required in the school to merge the two previous single sex establishments.

b. Investment policy

The Academy Trust currently has no material investments although has a deposit account (32 day notice) within the same bank as the current account to benefit from a higher rate of interest.

c. Principal risks and uncertainties

West Coventry Academy has been undertaking a comprehensive assessment of possible risks to the future of the Academy Trust (Risk Register).

The chief risks identified include:

Operational Risk–Pandemic: The Academy Trust in mitigation of this risk during the COVID crisis has made much progress in terms of business continuity having maintained education via remote delivery during the COVID epidemic. This was not a localised epidemic and therefore student outcomes were in terms of results were based upon our predictions. There is a residual unknown risk on the impact of this pandemic on medium and longer term educational outcomes due to a national pandemic, given this is a national crisis, the DfE are trying to ensure parity and fairness in outcomes. The Academy Trust are monitoring who has been impacted most and channelling resources to assist with catch-up e.g. IT, academic and pastoral intervention.

Operational Risk - Information Security Risk: The Academy Trust in mitigation of this risk has held an all staff briefing on data security and the responsibility of the Academy Trust as a data controller. All staff are fully aware of the procedures for data security and this is also outlined in the Staff Code of Conduct.

Health and Safety Risk–Building Condition: The Academy Trust operates out of a building built in the 1950s. We have been awarded grant funding to improve the building fabric and the Academy Trust will actively continue to 'chase' funding opportunities although most known high cost, high risk building projects have been successfully funded via CIF bids.

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Governors' report (continued)
for the year ended 31 August 2021

Finance Risk– ESFA Funding: The Academy Trust is reliant on the funding it receives from the ESFA. This funding is pupil led. The Academy Trust will continue to actively recruit students into all areas of the Academy especially into the Sixth Form to mitigate the risk of loss of funding. Governors have agreed that the Trading budget provides an in year reserve/buffer for the main Academy but not to include in budget submissions to the ESFA.

This Risk Register has been completed and adopted by Governors. Systems and procedures are being developed to manage and mitigate these risks.

Fundraising

West Coventry Academy raises funds for a number of registered charities. These funds are raised through sponsorship and donations; there is no obligation for any child nor parent to donate. All funds and donations collected are given to the relevant charity in a timely manner. The Academy do not use external fundraisers.

Plans for future periods

West Coventry Academy will continue to work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extracurricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to higher education and ultimately employment.

West Coventry Academy aims to continue its work to maintain and foster further the good relationships that it has developed with its "feeder" primary schools and other professional partnerships. The Governors are aware of the changing structures in Education and as such have received training and investigated various Multi Academy Trust formations. The Governors have gained clarity on the strategic direction and key priorities they wish to be met in relation to being part of a MAT and as a result West Coventry Academy will transfer to the Arthur Terry Learning Partnership on 1 January 2022.

Funds held as custodian on behalf of others

There are no funds held as custodian.

Disclosure of information to auditors

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 1 December 2021 and signed on its behalf by:



J Jones
Chair of Governors



A Neofitou
Accounting Office

West Coventry Academy
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Governance Statement

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that West Coventry Academy has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Governors has delegated the day-to-day responsibility to the Head Teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between West Coventry Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of governors' responsibilities. The Board of Governors has formally met 9 times during the year.

Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
A Neofitou, Head Teacher	9	9
M Rose	9	9
B Sayers	9	9
K Maton	9	9
J Jones, Chair of Governors	9	9
C Rose	3	3
C Denson	6	9
P Flavell	0	3
N Green	8	9
D Jones	8	9
M Dodd	9	9
T Sarjeant	7	9
H Brookes	7	9
M Palmer, Vice Chair	8	9
A Carey	7	9
C Franklin	5	5

There were 9 full Governing Body meetings in 2020-21, with an additional 6 meetings for the Finance, Risk and Audit sub-committee. Effective oversight of funds was maintained at each of the Finance, Resources Audit meetings where management accounts and budget updates were tabled by the Finance Director and key areas were then taken to the Full Governing Body for discussion.

The Finance, Risk and Audit Committee is a sub-committee of the main Board of Governors. Its purpose is identified in its terms of reference.

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Governance Statement (continued)

Governance (continued)

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
A Carey	4	6
N Green	5	6
J Jones	6	6
A Neofitou	6	6
T Sarjeant	5	6

Review of value for money

As accounting officer, the Head Teacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

Ensuring the Academy Trust demonstrates value for money and efficient and effective use of resources through:

- a continual focus on best value for money and clearly understands the value of our assets and how they can be used effectively to increase all of our students' rates of progress.
- promoting fair competition through quotations and tenders, in accordance with Financial Regulations, to ensure that goods and services are secured in the most economic, efficient and effective way.
- reviewing systems and procedures within the Academy Trust and regularly challenging these for efficiency and effectiveness. In turn the Governing Body regularly reviews the functions of the Academy Trust, challenging how and why services are provided and setting targets and performance indicators for improvement.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Coventry Academy for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

The purpose of the system of internal control (continued)

The Governors have set policies on internal controls which cover the following:

- Type of risks the Academy Trust faces
- The level of risks which they regard as acceptable
- The likelihood of the risks materialising
- The Academy Trust's ability to reduce the incidence and impact on the Academy Trust's operations of risks that do materialise
- The costs of operating particular controls relative to the benefits obtained
- Clarified the responsibility of the Senior Leadership Group to implement the Governors' policies and to identify and evaluate risks for the Governors' consideration
- Explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives
- Embedded the control system in the Academy Trust's operations so that it becomes part of the culture of the Academy Trust
- Developed systems to respond quickly to evolving risks arising from factors within the Academy Trust and to changes in the external environment and
- Including procedures for reporting failings immediately to appropriate levels of management and the Governors together with details of corrective action being undertaken.

We also acknowledge responsibility for safeguarding the assets of the Academy Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Academy Trust is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use or disposition
- That proper records are maintained and financial information used with the Academy Trust or for publication is reliable
- The Academy Trust complies with relevant laws and regulations.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

Governors receive training which includes information on the main areas of risk to the Academy Trust.

Governance Statement (continued)

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The Board of Governors has decided to buy-in an internal audit service from MLG Education services.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- review of governance and management information reporting
- review of efficiency of funding & budgets
- purchasing and procurement
- safeguarding & whistleblowing
- testing of payroll and HR systems
- monthly financial closedown
- review of risk registers
- business interests

On an annual basis, the reviewer reports to the Board of Governors through the audit committee on the operation of the systems of control and on the discharge of the Board of Governors financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Overall, there are several key actions required to improve the governance of the school and to:

- the trust should produce a 3-year budget forecast at the earliest opportunity. The trust should ensure any forecast produced is reasonable and uses assumptions which can be substantiated.
- ensure the correct process and order stationery is used when raising and processing orders.
- ensure all charge card statements are signed and approved for the period they relate.
- ensure all receipts for expenditure should be provided to support all transactions made.

Other key recommendations include:

- to address the matters raised in relation to the management of fixed assets.
- where transactions are substantial, a purchase order form should be used prior to the transaction taking place.
- all payroll files should be reviewed for having a contract of employment at the earliest opportunity.
- revising the scheme of delegation for procurement for values less than the current value included within its finance policy.

Governance Statement (continued)

Review of effectiveness

As accounting officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance Risk and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 1 December 2021 and signed on their behalf by:



Jane Jones
Chair of Governors



Ana Neofitou
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As accounting officer of West Coventry Academy I have considered my responsibility to notify the Academy Trust Board of Governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust Board of Governors are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Ana Neofitou
Accounting Officer
Date: 1 December 2021

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Statement of Governors' responsibilities
for the year ended 31 August 2021

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors on 1 December 2021 and signed on its behalf by:



Jane Jones
Chair of Governors

Independent auditors' Report on the financial statements to the Members of West Coventry Academy

Opinion

We have audited the financial statements of West Coventry Academy (the 'academy trust') for the year ended 31 August 2021 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that following approval from the Secretary of State for Education, West Coventry Academy will join the Arthur Terry Learning Partnership on 1 January 2022, a multi academy trust incorporated in England and Wales. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Academy Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditors' Report on the financial statements to the Members of West Coventry Academy
(continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the governors' responsibilities statement, the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Independent auditors' Report on the financial statements to the Members of West Coventry Academy
(continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the Academy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors;

West Coventry Academy
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Independent auditors' Report on the financial statements to the Members of West Coventry Academy
(continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Morris FCA (senior statutory auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

1 December 2021

West Coventry Academy
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to West Coventry Academy and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 8 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Coventry Academy during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to West Coventry Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to West Coventry Academy and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than West Coventry Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of West Coventry Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of West Coventry Academy's funding agreement with the Secretary of State for Education dated 21 December 2011 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

West Coventry Academy
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Independent Reporting Accountant's Assurance Report on Regularity to West Coventry Academy and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Dains LLP

Reporting Accountant
Dains LLP

Statutory Auditor
Chartered Accountants

Date: *1st December 2021*

West Coventry Academy
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 August 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	4	300	-	24,242	24,542	166,654
Charitable activities:	5					
Academy trust's educational operations		22,544	7,074,407	-	7,096,951	6,837,830
Other trading activities	6	27,407	83,416	-	110,823	86,933
Investments	7	34	-	-	34	187
Total income		50,285	7,157,823	24,242	7,232,350	7,091,604
Expenditure on:						
Raising funds		-	19,898	-	19,898	38,310
Charitable activities:						
Academy trust's educational operations		-	7,569,402	1,803,723	9,373,125	7,528,042
Total expenditure		-	7,589,300	1,803,723	9,393,023	7,566,352
Net income/(expenditure)		50,285	(431,477)	(1,779,481)	(2,160,673)	(474,748)
Transfers between funds	18	(50,285)	62,524	(12,239)	-	-
Net movement in funds before other recognised gains/(losses)		-	(368,953)	(1,791,720)	(2,160,673)	(474,748)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(71,000)	-	(71,000)	(1,213,000)
Net movement in funds		-	(439,953)	(1,791,720)	(2,231,673)	(1,687,748)
Reconciliation of funds:						
Total funds brought forward		-	(5,427,152)	11,080,404	5,653,252	7,341,000
Net movement in funds		-	(439,953)	(1,791,720)	(2,231,673)	(1,687,748)
Total funds carried forward		-	(5,867,105)	9,288,684	3,421,579	5,653,252

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 27 to 53 form part of these financial statements.

West Coventry Academy
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Balance sheet
for the year ended 31 August 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	9,288,684	11,080,404
Current assets			
Debtors	15	203,326	364,569
Cash at bank and in hand		20,139	43,016
		<u>223,465</u>	<u>407,585</u>
Creditors: amounts falling due within one year	16	(553,570)	(435,630)
Net current liabilities		(330,105)	(28,045)
Total assets less current liabilities		8,958,579	11,052,359
Creditors: amounts falling due after more than one year	17	-	(283,107)
Net assets excluding pension liability		8,958,579	10,769,252
Defined benefit pension scheme liability	25	(5,537,000)	(5,116,000)
Total net assets		3,421,579	5,653,252
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	18	9,288,684	11,080,404
Restricted income funds	18	(330,105)	(311,152)
Restricted funds excluding pension asset	18	<u>8,958,579</u>	<u>10,769,252</u>
Pension reserve	18	(5,537,000)	(5,116,000)
Total restricted funds	18	3,421,579	5,653,252
Unrestricted income funds	18	-	-
Total funds		3,421,579	5,653,252

The financial statements on pages 24 to 53 were approved by the Governors, and authorised for issue on 01 December 2021 and are signed on their behalf, by:



J Jones
(Chair of Trustees)

The notes on pages 27 to 53 form part of these financial statements.

West Coventry Academy
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Statement of cash flows
for the year ended 31 August 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	20	(32,400)	(20,291)
Cash flows from investing activities	22	12,273	1,538
Cash flows from financing activities	21	(2,750)	(102,860)
Change in cash and cash equivalents in the year		(22,877)	(121,613)
Cash and cash equivalents at the beginning of the year		43,016	164,629
Cash and cash equivalents at the end of the year	23, 24	20,139	43,016

The notes on pages 27 to 53 form part of these financial statements

1. General information

West Coventry Academy is a private company limited by guarantee, registered in England and Wales. The registered company number is 07654273 and its registered address is West Coventry Academy, Nutbrook Avenue, Tile Hill, Coventry, C4 9PW. The principal activity of the trust is given in the Governors' report.

2. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

2.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

2.2 Going concern

Following approval from the Secretary of State for Education, West Coventry Academy will join the Arthur Terry Learning Partnership on 1 January 2022, a multi academy trust incorporated in England and Wales. On the same day the activities, assets and liabilities of West Coventry Academy will be transferred to the Arthur Terry Learning Partnership. Therefore the going concern basis is not appropriate given the planned transfer of the academy. No adjustments have been recognised in these financial statements in respect of the non-going concern basis.

2. Accounting policies (continued)

2.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Donated fixed assets (excluding transfers on conversion or into the Academy Trust)**

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

2. Accounting policies (continued)

2.4 Expenditure (continued)

• **Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- 3 - 25 years
Long-term leasehold land	- 125 years
Furniture and equipment	- 5 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

2. Accounting policies (continued)

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.11 Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

2.13 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2. Accounting policies (continued)

2.14 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The Academy Trust is a member of a multi-employer plan. Where it is not possible for the Academy Trust to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as defined contribution plan.

2.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Governors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from these estimates. In this regard, the Governors believe that the critical accounting policies where judgement or estimating are necessarily applied are summarised below.

Depreciation and residual values

The Governors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

Notes to the financial statements
for the year ended 31 August 2021

4. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Donations	300	-	300
Grants	-	24,242	24,242
	<u>300</u>	<u>24,242</u>	<u>24,542</u>
		Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations		-	-
Grants		166,654	166,654
		<u>166,654</u>	<u>166,654</u>

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Notes to the financial statements
for the year ended 31 August 2021

5. Funding for the Academy Trust's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
DfE/ESFA grants			
General annual grant	-	6,000,573	6,000,573
Pupil premium	-	259,736	259,736
Teachers pension grant	-	221,765	221,765
Teachers pay grant	-	78,480	78,480
ESFA loan write off	-	283,107	283,107
Other DfE/ESFA grants	-	68,023	68,023
	-	-	6,911,684
Other government grants			
Local authority grants	-	48,623	48,623
	-	-	48,623
Other income			
Trip income	-	-	-
Catering income	22,544	-	22,544
	22,544	-	22,544
COVID-19 additional funding (DfE/ESFA)			
Catch-up premium	-	74,960	74,960
Other DfE/ESFA COVID-19 Funding	-	39,140	39,140
	22,544	7,074,407	7,096,951

The academy trust received £74,960 of funding for catch-up premium and costs incurred in respect of this funding totalled £74,960 with a balance of £nil carried forward into the next financial year.

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Notes to the financial statements
for the year ended 31 August 2021

5. Funding for the Academy Trust's educational operations (continued)

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General annual grant	-	5,925,439	5,925,439
Pupil premium	-	248,407	248,407
Teachers pension grant	-	226,493	226,493
Teachers pay grant	-	80,247	80,247
Other DfE/ESFA grants	-	71,288	71,288
	-	-	6,551,874
Other government grants			
Local authority grants	-	78,459	78,459
Other grants	-	2,782	2,782
	-	-	81,241
Other income			
Trip income	-	106,063	106,063
Catering & Music income	23,652	-	23,652
	23,652	-	129,715
COVID-19 additional funding (DfE/ESFA)			
Other DfE/ESFA COVID-19 Funding	-	75,000	-
	23,652	6,814,178	6,762,830
	23,652	6,814,178	6,837,830

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the multi academy trust's funding for Pupil Premium, Teachers pension grant and Teachers pay grant is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

Notes to the financial statements
for the year ended 31 August 2021

6. Income from other trading activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Departmental activities	-	83,416	83,416
Hire of facilities	27,407	-	27,407
	<u>27,407</u>	<u>83,416</u>	<u>110,823</u>

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Departmental activities	-	73,303	73,303
Hire of facilities	13,630	-	13,630
	<u>13,630</u>	<u>73,303</u>	<u>86,933</u>

7. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £
Bank interest	34	34
	<u>34</u>	<u>34</u>

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest	187	187
	<u>187</u>	<u>187</u>

8. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
Expenditure on raising funds:				
Direct costs	-	-	19,898	19,898
Educational operations:				
Direct costs	4,851,617	-	421,417	5,273,034
Allocated support costs	1,572,401	2,141,678	386,012	4,100,091
	<u>6,424,018</u>	<u>2,141,678</u>	<u>827,327</u>	<u>9,393,023</u>
	<u><u>6,424,018</u></u>	<u><u>2,141,678</u></u>	<u><u>827,327</u></u>	<u><u>9,393,023</u></u>
	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on raising funds:				
Direct costs	-	-	38,310	38,310
Educational operations:				
Direct costs	4,641,534	-	516,680	5,158,214
Allocated support costs	1,202,708	825,940	341,181	2,369,829
	<u>5,844,242</u>	<u>825,940</u>	<u>896,171</u>	<u>7,566,353</u>
	<u><u>5,844,242</u></u>	<u><u>825,940</u></u>	<u><u>896,171</u></u>	<u><u>7,566,353</u></u>

9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Educational operations	5,273,034	4,100,091	9,373,125

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Educational operations	5,158,214	2,369,829	7,528,043

Analysis of direct costs

	Total funds 2021 £	Total funds 2020 £
Staff costs	4,800,470	4,554,692
Educational supplies	327,449	358,774
Examination fees	57,902	88,680
Staff development and training	13,761	6,692
Agency staff	51,147	86,842
School fund	22,305	62,534
	<u>5,273,034</u>	<u>5,158,214</u>

Notes to the financial statements
for the year ended 31 August 2021

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £	Total funds 2020 £
Pension finance costs	80,000	66,000
Staff costs	1,572,401	1,202,708
Depreciation	1,803,723	515,381
Technology costs	7,437	29,754
Maintenance of property & equipment	128,829	102,723
Cleaning	48,985	16,895
Rent & rates	24,732	21,021
Energy costs	169,003	140,398
Insurance	23,298	23,308
Security & transport	8,643	12,679
Catering	69,785	124,390
Other support costs	84,578	80,513
Auditors remuneration	8,350	13,502
Legal & professional fees	70,327	20,557
	<u>4,100,091</u>	<u>2,369,829</u>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	91,348	42,541
Depreciation of tangible fixed assets	1,803,723	515,381
Fees paid to auditors for:		
- audit	9,900	9,500
- other services	1,240	1,200
	<u>1,916,211</u>	<u>1,078,822</u>

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	4,507,688	4,169,918
Social security costs	441,139	403,624
Pension costs	1,393,811	1,160,287
	6,342,638	5,733,829
Agency staff costs	51,147	86,842
Staff restructuring costs	30,233	23,571
	6,424,018	5,844,242

Staff restructuring costs comprise:

	2021	2020
	£	£
Redundancy payments	10,233	23,571
Other restructuring costs	20,000	-
	30,233	23,571

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual redundancy and severance payments totalling £20,000 (2019: £Nil). Individually, the payments were: £10,000, £10,000 (2019: £Nil).

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2021	2020
	No.	No.
Teachers	77	71
Administration and support	66	73
Management	7	5
	150	149

11. Staff (continued)

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £606,128 (2020 - £442,357).

12. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2021	2020
		£000	£000
Chris Paton, Head Teacher (resigned 31 August 2020)	Remuneration		80-85
	Pension contributions paid		15-20
Christopher Denson	Remuneration	40 - 45	40-45
	Pension contributions paid	5 - 10	5 - 10
Pat Flavell (resigned 5 October 2020)	Remuneration	10 - 15	15-20
	Pension contributions paid	0 - 5	0 - 5
David Jones	Remuneration	40 - 45	40 - 45
	Pension contributions paid	10 - 15	10-15
Natalie Green	Remuneration	15 - 20	15 - 20
	Pension contributions paid	0 - 5	0 - 5
A Neofitou, Head Teacher (appointed 1 September 2020)	Remuneration	85 - 90	
	Pension contributions paid	20 - 25	
C Franklin (appointed 2 November 2020)	Remuneration	15 - 20	
	Pension contributions paid	0 - 5	

No expenses were reimbursed to the Governors during the year ended 31 August 2020 (2020 - £Nil to Governors).

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13. Governors' and Officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme membership.

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Total £
Cost or valuation			
At 1 September 2020	14,816,210	979,391	15,795,601
Additions	10,795	1,208	12,003
At 31 August 2021	<u>14,827,005</u>	<u>980,599</u>	<u>15,807,604</u>
Depreciation			
At 1 September 2020	3,876,487	838,710	4,715,197
Charge for the year	1,748,610	55,113	1,803,723
At 31 August 2021	<u>5,625,097</u>	<u>893,823</u>	<u>6,518,920</u>
Net book value			
At 31 August 2021	<u>9,201,908</u>	<u>86,776</u>	<u>9,288,684</u>
At 31 August 2020	<u>10,939,723</u>	<u>140,681</u>	<u>11,080,404</u>

15. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	3,781	18,712
VAT recoverable	12,206	24,886
Prepayments and accrued income	187,339	320,971
	<u>203,326</u>	<u>364,569</u>

Notes to the financial statements
for the year ended 31 August 2021

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Salix loan	750	3,500
Trade creditors	151,296	-
Other taxation and social security	106,266	96,961
Other creditors	111,950	110,209
Accruals and deferred income	183,308	224,960
	<u>553,570</u>	<u>435,630</u>

	2021 £	2020 £
Deferred income at 1 September 2020	-	29,748
Resources deferred during the year	-	-
Amounts released from previous periods	-	(29,748)
	<u>-</u>	<u>-</u>

17. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	-	283,107
	<u>-</u>	<u>283,107</u>

The ESFA recoverable loan represents the amount outstanding to the ESFA. It was provided at 0% interest. During the year the ESFA has confirmed that it would not seek to recover the outstanding balance. The amount has been released to income during the year.

Salix loans are provided on CIF funded projects at zero interest.

Notes to the financial statements
for the year ended 31 August 2021

18. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General funds	-	50,285	-	(50,285)	-	-
Restricted general funds						
General Annual Grant	(311,152)	6,000,573	(6,082,050)	62,524	-	(330,105)
Pupil Premium	-	259,736	(259,736)	-	-	-
Teachers pension grant	-	221,765	(221,765)	-	-	-
Teachers pay grant	-	78,480	(78,480)	-	-	-
ESFA loan write off	-	283,107	(283,107)	-	-	-
Other DfE/ESFA grants	-	68,023	(68,023)	-	-	-
Other government grants	-	48,623	(48,623)	-	-	-
Other income	-	83,416	(83,416)	-	-	-
Catch-up premium	-	74,960	(74,960)	-	-	-
Other DfE/ESFA COVID-19 Funding	-	39,140	(39,140)	-	-	-
Pension reserve	(5,116,000)	-	(350,000)	-	(71,000)	(5,537,000)
	<u>(5,427,152)</u>	<u>7,157,823</u>	<u>(7,589,300)</u>	<u>62,524</u>	<u>(71,000)</u>	<u>(5,867,105)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	11,080,404	24,242	(1,803,723)	(12,239)	-	9,288,684
Total Restricted funds	<u>5,653,252</u>	<u>7,182,065</u>	<u>(9,393,023)</u>	<u>50,285</u>	<u>(71,000)</u>	<u>3,421,579</u>
Total funds	<u><u>5,653,252</u></u>	<u><u>7,232,350</u></u>	<u><u>(9,393,023)</u></u>	<u><u>-</u></u>	<u><u>(71,000)</u></u>	<u><u>3,421,579</u></u>

18. Statement of funds (continued)

The specific purposes for which the funds are to be applied are as follows:

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy Trust. During the period, the Academy Trust's GAG expenditure exceeded GAG income and the deficit will be carried forward to be offset in future years. Under the Funding Agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2021.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status and through which all the local government pension scheme movements are recognised.

The restricted fixed asset fund has been set up to recognise the tangible assets gifted to the Academy Trust upon conversion, and any capital additions since conversion, which represents leasehold land and buildings and all items of fixtures and fittings included therein. Depreciation against these assets is allocated to the fund.

The combined General Restricted Fund and Unrestricted Fund before the actuarial losses on defined benefit pension schemes is (£330,105) (2020: (£311,152)) with a movement in the year of (£18,953).

On 1 September 2016 following the closure of the neighbouring boys' academy, the students were admitted to Tile Hill Wood School, now named West Coventry Academy. The transition of these students and late notice of the GAG funds resulted in costs in excess of income.

The Academy Trust is taking the following action to return these funds to surplus:

The Academy Trust sought financial assistance from the ESFA for the academic year 2017/18. This funding was secured in the form of part irretrievable and part retrievable funds. With this funding secured, the Academy Trust was able to function and balance the budget. There was an agreed three-year plan in place to return retrievable funds to the ESFA beginning in September 2019. The repayments have been made inline with the payment plan during the year ended 31 August 2020, however to assist managing future cashflow, the ESFA agreed a repayment holiday for 12 months from 1 September 2020. Following discussions with the ESFA during the 2020/21 academic year, it has now been confirmed that the ESFA would not seek to recover the outstanding balance and therefore the liability has been released to income.

The Academy Trust has consulted with a School Resource Management Advisor to support the trust to make best use of the available resource to provide an outstanding education for students.

Notes to the financial statements
for the year ended 31 August 2021

18. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General funds	-	37,469	(1,730)	(35,739)	-	-
Restricted general funds						
General Annual Grant	(199,000)	5,925,439	(5,874,199)	(163,392)	-	(311,152)
Pupil Premium	-	248,407	(248,407)	-	-	-
Teachers pension grant	-	226,493	(226,493)	-	-	-
Teachers pay grant	-	80,247	(80,247)	-	-	-
Other DfE/ESFA grants	-	71,288	(71,288)	-	-	-
Other government grants	-	81,241	(81,241)	-	-	-
Other income	-	179,366	(179,366)	-	-	-
Catch-up premium	-	75,000	(75,000)	-	-	-
Pension reserve	(3,690,000)	-	(213,000)	-	(1,213,000)	(5,116,000)
	<u>(3,889,000)</u>	<u>6,887,481</u>	<u>(7,049,241)</u>	<u>(163,392)</u>	<u>(1,213,000)</u>	<u>(5,427,152)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	11,230,000	166,654	(515,381)	199,131	-	11,080,404
Total Restricted funds	<u>7,341,000</u>	<u>7,054,135</u>	<u>(7,564,622)</u>	<u>35,739</u>	<u>(1,213,000)</u>	<u>5,653,252</u>
Total funds	<u>7,341,000</u>	<u>7,091,604</u>	<u>(7,566,352)</u>	<u>-</u>	<u>(1,213,000)</u>	<u>5,653,252</u>

Notes to the financial statements
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19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	9,288,684	9,288,684
Current assets	223,465	-	223,465
Creditors due within one year	(553,570)	-	(553,570)
Provisions for liabilities and charges	(5,537,000)	-	(5,537,000)
Total	(5,867,105)	9,288,684	3,421,579

Analysis of net assets between funds - prior year

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	11,080,404	11,080,404
Current assets	265,412	142,173	407,585
Creditors due within one year	(293,457)	(142,173)	(435,630)
Creditors due in more than one year	(283,107)	-	(283,107)
Provisions for liabilities and charges	(5,116,000)	-	(5,116,000)
Total	(5,427,152)	11,080,404	5,653,252

Notes to the financial statements
for the year ended 31 August 2021

20. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the year (as per statement of financial activities)	(2,160,673)	(474,748)
Adjustments for:		
Depreciation	1,803,723	515,381
Capital grants from DfE and other capital income	(24,242)	(166,654)
Interest receivable	(34)	(187)
Defined benefit pension scheme cost less contributions payable	270,000	147,000
Defined benefit pension scheme finance cost	80,000	66,000
Decrease/(increase) in debtors	161,243	(203,027)
(Decrease)/increase in creditors	(162,417)	95,944
Net cash used in operating activities	(32,400)	(20,291)

21. Cash flows from financing activities

	2021 £	2020 £
Repayments of borrowing	(2,750)	(102,860)
Net cash used in financing activities	(2,750)	(102,860)

22. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	34	187
Purchase of tangible fixed assets	(12,003)	(165,303)
Capital grants from DfE Group	24,242	166,654
Net cash provided by investing activities	12,273	1,538

23. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	20,139	43,016
Total cash and cash equivalents	20,139	43,016

24. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	Other non- cash changes £	At 31 August 2021 £
Cash at bank and in hand	43,016	(22,877)	-	20,139
Debt due within 1 year	(3,500)	2,750	-	(750)
Debt due after 1 year	(283,107)	-	283,107	-
	(243,591)	(20,127)	283,107	19,389

25. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £111,950 were payable to the schemes at 31 August 2021 (2020 - £106,002) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

25. Pension commitments (continued) Valuation

of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £753,000 (2020 - £691,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £412,000 (2020 - £387,000), of which employer's contributions totalled £339,000 (2020 - £318,000) and employees' contributions totalled £ 73,000 (2020 - £69,000). The agreed contribution rates for future years are 22.8 per cent for employers and 5.5 - 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.90	3.30
Rate of increase for pensions in payment/inflation	2.90	2.30
Discount rate for scheme liabilities	1.65	1.60

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25. Pension commitments (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2021	2020
	Years	Years
Retiring today		
Males	21.6	21.9
Females	24.0	24.1
Retiring in 20 years		
Males	23.4	23.8
Females	25.8	26.0

Sensitivity analysis

	2021	2020
	£000	£000
Discount rate +0.1%	(248)	(214)
Discount rate -0.1%	254	219
Mortality assumption - 1 year increase	521	415
Mortality assumption - 1 year decrease	(499)	(398)

Share of scheme assets

The Academy Trust's share of the assets in the scheme was:

	2021	2020
	£	£
Equities	3,794,000	2,807,000
Gilts	514,000	542,000
Other bonds	381,000	194,000
Property	437,000	376,000
Cash and other liquid assets	229,000	331,000
Other	871,000	745,000
Total market value of assets	6,226,000	4,995,000

The actual return on scheme assets was £911,000 (2020 - £460,000).

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25. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2021	2020
	£	£
Current service cost	(609,000)	(465,000)
Interest income	82,000	89,000
Interest cost	(162,000)	(155,000)
Total amount recognised in the Statement of financial activities	(689,000)	(531,000)

Changes in the present value of the defined benefit obligations were as follows:

	2021	2020
	£	£
At 1 September	10,111,000	8,437,000
Current service cost	609,000	465,000
Interest cost	162,000	155,000
Employee contributions	73,000	69,000
Actuarial losses	900,000	1,219,000
Benefits paid	(92,000)	(234,000)
At 31 August	11,763,000	10,111,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2021	2020
	£	£
At 1 September	4,995,000	4,747,000
Interest income	82,000	89,000
Actuarial gains	829,000	6,000
Employer contributions	339,000	318,000
Employee contributions	73,000	69,000
Benefits paid	(92,000)	(234,000)
At 31 August	6,226,000	4,995,000

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26. Operating lease commitments

At 31 August 2021 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	110,798	44,575
Later than 1 year and not later than 5 years	199,243	109,142
	<u>310,041</u>	<u>153,717</u>

27. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £NIL for the debts and liabilities contracted before he/she ceases to be a member.

28. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

29. Post balance sheet events

On 1 January 2022, in a decision led by the Governors, the Academy Trust will join into the Arthur Terry Learning Partnership.

30. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021 the Academy Trust received £19,177 and disbursed £23,529 from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable to ESFA.

Comparatives for the accounting period ending 31 August 2020 are £19,104 received, £17,687 disbursed and £4,352 included within other creditors.

31. Controlling party

The Academy Trust is controlled by the Board of Members.